

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 7262

BILL NUMBER: HB 1339

NOTE PREPARED: Jan 14, 2004

BILL AMENDED:

SUBJECT: Electric utility programs for local governments.

FIRST AUTHOR: Rep. Pelath

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: _____**GENERAL**
DEDICATED
FEDERAL

IMPACT: Pending

Summary of Legislation: Allows counties and municipalities, including municipalities owning electric utilities, to form joint agencies to jointly own and operate projects to provide retail electric service to ratepayers in the participating units. Allows a member municipality that owns an electric utility to contribute all or part of the facilities or assets of its utility to the joint agency under certain conditions. Provides for the representation of each member unit on a board of directors of the joint agency. Provides that ratepayers in the member units directly elect representatives on the board. Allows a member unit that does not: (1) contribute its electric utility assets to the joint agency; or (2) possess an undivided interest in a project of the joint agency; to enter into a contract with the joint agency to purchase power from the joint agency. Allows a joint agency to acquire an electric utility to provide retail service to ratepayers in member units already served by a public utility. Provides that a joint agency has the power of eminent domain in acquiring a project, including the power to condemn an existing electric facility. Establishes procedures for: (1) the compensation of a public utility for any of its utility property acquired by a joint agency; and (2) the establishment of a service area for the electric utility of the joint agency. Provides that a certificate of public convenience and necessity is not required for a joint agency's project to provide retail electric service, if the utility regulatory commission approves: (1) the project; (2) a service area for the project; and (3) any bonds issued in connection with the project. Allows the following to own and operate joint projects: (1) Joint agencies. (2) Eligible units. (3) Public utilities. Allows joint agencies and eligible units to issue bonds to finance a project or joint project. Allows a joint agency to sell excess capacity or output from a project or joint project if the joint agency uses the proceeds of the sale to: (1) promote energy conservation; (2) provide sustainable energy products or services; or (3) reduce rates and charges for ratepayers.

Effective Date: Upon passage; July 1, 2004.

Explanation of State Expenditures: *As of the above date, the fiscal analysis of this bill has not been completed. Please contact the Office of Fiscal and Management Analysis for an update of this fiscal impact statement.*

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected:

Local Agencies Affected:

Information Sources:

Fiscal Analyst: John Parkey, 317-232-9854.